

LEGISLATURE OF THE STATE OF IDAHO
Sixty-first Legislature First Regular Session - 2011

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 319

BY STATE AFFAIRS COMMITTEE

AN ACT

RELATING TO THE PUBLIC EMPLOYEE RETIREMENT SYSTEM; AMENDING SECTION 59-1342, IDAHO CODE, TO REVISE PROVISIONS RELATING TO COMPUTATION OF CERTAIN SERVICE RETIREMENT ALLOWANCES AS THEY RELATE TO THE IDAHO LEGISLATURE; AND AMENDING SECTION 59-1346, IDAHO CODE, TO REVISE PROVISIONS RELATING TO COMPUTATION OF CERTAIN EARLY RETIREMENT ALLOWANCES AS THEY RELATE TO THE IDAHO LEGISLATURE.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 59-1342, Idaho Code, be, and the same is hereby amended to read as follows:

59-1342. COMPUTATION OF SERVICE RETIREMENT ALLOWANCES -- MINIMUM BENEFITS. (1) The annual amount of accrued retirement allowance for each month of credited service for which a member was not classified as a police member or firefighter shall equal one and two-thirds percent (1 2/3%) of the member's average monthly salary. Effective October 1, 1992, the annual amount of accrued retirement allowance for all service for which a member was not classified as a police member or firefighter shall equal one and seventy-five hundredths percent (1.75%) of the member's average monthly salary; effective October 1, 1993, the annual amount of accrued retirement allowance shall equal one and eight hundred thirty-three thousandths percent (1.833%) of the member's average monthly salary; effective October 1, 1994, the annual amount of accrued retirement allowance shall equal one and nine hundred seventeen thousandths percent (1.917%); and effective June 30, 2000, the annual amount of accrued retirement allowance shall equal two percent (2%) of the member's average monthly salary. Entitlement to an annual amount of accrued retirement allowance shall not vest until the effective date of that annual amount of accrued retirement allowance. The retirement benefits shall be calculated on the amounts, terms and conditions in effect on the date of the final contribution by the member. The annual amount of initial service retirement allowance of such a member shall equal (a) or (b), whichever is greater:

(a) The member's accrued retirement allowance; or

(b) Five dollars (\$5.00) multiplied by the number of months of credited service and by the bridging factor, as provided in section 59-1355, Idaho Code, between July 1, 1974 and the first of the month following the member's final contribution.

(2) The annual amount of accrued retirement allowance for each month of credited service for which a member was classified as a police member or firefighter shall equal two percent (2%) of the member's average monthly salary. Effective October 1, 1992, the annual amount of accrued retirement allowance for all service for which a member was classified as a police member or firefighter shall equal two and seventy-five thousandths percent

(2.075%) of the member's average monthly salary; effective October 1, 1993, the annual amount of accrued retirement allowance shall equal two and fifteen hundredths percent (2.15%) of the member's average monthly salary; effective October 1, 1994, the annual amount of accrued retirement allowance shall equal two and two hundred twenty-five thousandths percent (2.225%); and effective June 30, 2000, the annual amount of accrued retirement allowance shall equal two and three-tenths percent (2.3%) of the member's average monthly salary. Entitlement to an annual amount of accrued retirement allowance shall not vest until the effective date of that annual amount of accrued retirement allowance. The retirement benefits shall be calculated on the amounts, terms and conditions in effect on the date of the final contribution by the member. The annual amount of initial service retirement allowance of such a member shall equal (a) or (b), whichever is greater:

(a) The member's accrued retirement allowance; or

(b) Six dollars (\$6.00) multiplied by the number of months of credited service and by the bridging factor, as provided in section 59-1355, Idaho Code, between July 1, 1974 and the first of the month following the member's final contribution.

(3) Provisions of this section shall be applicable to members and contingent annuitants of the retirement system and to members, annuitants and beneficiaries of the teachers and city systems. In any recomputation of an initial retirement allowance for a person not making a final contribution subsequent to 1974, the bridging factor referred to in subsections (1) and (2) shall be 1.000. Any recomputed retirement allowance shall be payable only prospectively from July 1, 1974.

(4) Benefits payable to a person who became a member prior to July 1, 1974, or to the member's beneficiaries shall never be less than they would have received under this chapter as in effect on June 30, 1974; provided, however, that the member shall have accrued the amount of accumulated contributions required thereby prior to payment of an initial retirement allowance.

(5) If the majority of a member's credited service is as an elected official or as an appointed official, except as a member of the Idaho legislature who left the Idaho legislature before July 1, 2011, and subsequently was an employee, as defined in section 59-1302(14)(A), Idaho Code, other than by virtue of being a member of the Idaho legislature, and that official was normally in the administrative offices of the employer less than twenty (20) hours per week during the term of office, or was normally not required to be present at any particular work station for the employer twenty (20) hours per week or more during the term of office, that member's initial service retirement allowance shall be the sum of:

(a) That amount computed under subsection (1) and/or (2) of this section for only those months of service as an elected or an appointed official that are in excess of the months of other credited service, without consideration of any other credited service; and

(b) That accrued service retirement allowance that is computed from an average monthly salary for salary received during the member's total months of credited service excluding those excess months referenced in subsection (5) (a) of this section.

The initial service retirement allowance of members of the Idaho legislature who left the Idaho legislature before July 1, 2011, and subsequently were employees, as defined in section 59-1302(14) (A), Idaho Code, other than by virtue of being a member of the Idaho legislature, will be computed under subsection (1) and/or (2) of this section, on the basis of their total months of credited service. The initial service retirement allowance of all other members of the Idaho legislature will be computed in the same manner as the computation for nonlegislative elected or appointed officials including the provisions of this subsection if applicable.

(6) In no case, however, will a member's initial service retirement benefit be equal to more than the member's accrued benefit as of May 1, 1990, or one hundred percent (100%) of the member's average compensation for the three (3) consecutive years of employment which produce the greatest aggregate compensation, whichever is greater. If the benefit is calculated to exceed one hundred percent (100%) of the member's average compensation, the member shall be eligible for and may choose either:

(a) An annual service retirement allowance equal to the member's average annual compensation for the three (3) consecutive years of employment which produced the greatest aggregate compensation; or

(b) A separation benefit.

(7) The annual amount of initial service retirement allowance of a member who is over age seventy (70) on the effective date of the member's retirement shall be a percentage of the member's initial service retirement allowance. Such percentage shall be one hundred percent (100%) increased as determined by the board to compensate for each month that the member's retirement is deferred beyond age seventy (70).

(8) A member's accrued retirement allowance, as otherwise provided in subsections (1), (2), (3), (4) and (5) of this section, shall not be less than the minimum accrued retirement allowance provided in this subsection. The determination of the initial service retirement allowance provided in subsections (1) and (2) of this section, and the application of the provisions in subsections (6) and (7) of this section, will be made after the determination of the minimum accrued retirement allowance provided in this subsection.

This subsection shall apply to members who have at least two (2) separate periods of employment covered under this chapter where each separate period of employment would otherwise be eligible for a separation benefit described in section 59-1359, Idaho Code. For purposes of this subsection, if a separation of employment occurs that does not exceed sixty (60) consecutive calendar months then the member's period of employment shall be considered a continuous period of employment. For purposes of this subsection, date of last contribution is the date of final contribution for each period or periods of employment.

For each separate period of employment considered under this subsection, the member must not have received a separation benefit for that period, or if he has received such a separation benefit under section 59-1359, Idaho Code, he must have completed reinstatement of all previous credited service associated with all separation benefits for all periods of employment as permitted under section 59-1360, Idaho Code.

1 The minimum accrued retirement allowance shall be equal to the largest
 2 accrued retirement allowance calculated at each date of last contribution
 3 based upon the benefit and eligibility provisions in effect as of the date of
 4 the last contribution made during such separate period of employment. For
 5 purposes of determining the accrued retirement allowance for each date of
 6 last contribution:

7 (a) The member must have at least sixty (60) months of credited service
 8 at the date of last contribution;

9 (b) The member's months of credited service and average monthly salary
 10 are determined based solely on all periods of employment up to that date
 11 of last contribution, ignoring later periods of employment; and

12 (c) The accrued retirement allowance computed for each period is mul-
 13 tiplied by the bridging factor as provided in section 59-1355(3), Idaho
 14 Code, between the date of the last contribution made during that sepa-
 15 rate period of employment and the date of the member's final contribu-
 16 tion made during the last period of employment prior to retirement.

17 SECTION 2. That Section 59-1346, Idaho Code, be, and the same is hereby
 18 amended to read as follows:

19 59-1346. COMPUTATION OF EARLY RETIREMENT ALLOWANCES. (1) The annual
 20 amount of initial early retirement allowance of a member shall be a percent-
 21 age of the member's accrued retirement allowance. Such percentage shall be
 22 one hundred percent (100%) if the sum of the number of years and months of
 23 credited service and the age in years and months is equal to or greater than
 24 the sum indicated below. Otherwise, such percentage shall be one hundred
 25 percent (100%) reduced by one-fourth of one percent (.25%) for each month
 26 up to sixty (60) months that the member's retirement precedes the date the
 27 member would be eligible to receive full accrued benefit without additional
 28 credited service, and further reduced by two-thirds of one percent (.6667%)
 29 for each additional month. Effective October 1, 1992, the further reduc-
 30 tion for each additional month shall equal six thousand and forty-two ten-
 31 thousandths of one percent (.6042%) of the member's average monthly salary;
 32 effective October 1, 1993, the further reduction for each additional month
 33 shall equal five thousand four hundred and seventeen ten-thousandths of one
 34 percent (.5417%) of the member's average monthly salary; and effective Oc-
 35 tober 1, 1994, the further reduction for each additional month shall equal
 36 four thousand seven hundred and ninety-two ten-thousandths of one percent
 37 (.4792%) of the member's average monthly salary. Entitlement to an annual
 38 amount of accrued retirement allowance shall not vest until the effective
 39 date of that annual amount of accrued retirement allowance. The retirement
 40 benefits shall be calculated on the amounts, terms and conditions in effect
 41 at the date of the final contribution by the member.

42	If a member's service retirement	Then the sum of the member's credited
43	ratio as defined by section 59-1341,	service and age must be equal to
44	Idaho Code, is:	or greater than:

45	0.000 to 0.050	90
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46	0.051 to 0.150	89
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1 If a member's service retirement Then the sum of the member's credited
 2 ratio as defined by section 59-1341, service and age must be equal to
 3 Idaho Code, is: or greater than:

4 0.151 to 0.250	88
5 0.251 to 0.350	87
6 0.351 to 0.450	86
7 0.451 to 0.550	85
8 0.551 to 0.650	84
9 0.651 to 0.750	83
10 0.751 to 0.850	82
11 0.851 to 0.950	81
12 0.951 to 1.000	80

13 (2) If the majority of a member's credited service is as an elected of-
 14 ficial or as an appointed official, except as a member of the Idaho legisla-
 15 ture who left the Idaho legislature before July 1, 2011, and subsequently was
 16 an employee, as defined in section 59-1302(14) (A), Idaho Code, other than
 17 by virtue of being a member of the Idaho legislature, and that official was
 18 normally in the administrative offices of the employer less than twenty (20)
 19 hours per week during the term of office, or was normally not required to be
 20 present at any particular work station for the employer twenty (20) hours per
 21 week or more during the term of office, that member's accrued retirement al-
 22 lowance shall be the sum of:

23 (a) That amount computed from an average monthly salary for salary re-
 24 ceived only for those months of service as an elected or as an appointed
 25 official that are in excess of the months of other credited service
 26 without consideration of any other credited service; and

27 (b) That accrued retirement allowance that is computed from an aver-
 28 age monthly salary for salary received during the member's total months
 29 of credited service excluding those excess months referenced in subsec-
 30 tion (2) (a) of this section.

31 The initial service retirement allowance of members of the Idaho legislature
 32 who left the Idaho legislature before July 1, 2011, and subsequently were
 33 employees, as defined in section 59-1302(14) (A), Idaho Code, other than by
 34 virtue of being a member of the Idaho legislature, will be computed under the
 35 provisions of this section, on the basis of their total months of credited
 36 service. The initial service retirement allowance of all other members of
 37 the Idaho legislature will be computed in the same manner as the computation
 38 for nonlegislative elected or appointed officials including the provisions
 39 of this subsection if applicable.